



United States
Department of
Agriculture



FARM SERVICE AGENCY

Montana State Producer Handbook

Fact Sheet

2008 Crop Year Buy-in for Disaster Assistance Programs - According to the 2008 Farm Bill



July 2008

Overview

The 2008 Farm Bill created several new disaster programs under the title "Supplemental Agricultural Disaster Assistance". These programs include:

1. Emergency Assistance for Livestock and Honey bees (ELAP)
2. Livestock Forage Disaster Program (LFP)
3. Livestock Indemnity Program (LIP).
4. Supplemental Revenue Assistance Payments (SURE) Program
5. Tree Assistance Program (TAP)

To be eligible for these programs, producers must purchase at least catastrophic (CAT) level of crop insurance for all insurable crops and/or Non-insured Crop Disaster Assistance Program (NAP) coverage for non-insurable crops. Sales closing dates for CAT and application closing deadlines for NAP have passed for the 2008 crop year for nearly all insurable and non-insurable crops. A Risk Management Purchase Requirement waiver has been authorized in the 2008 Farm Bill to allow those wanting to participate in the disaster assistance programs to pay a "buy-in" fee for crops that crop insurance or NAP coverage was not purchased for 2008.

Deadline

The deadline to purchase the buy-in fee is **September 16, 2008**. To be considered to have met the Risk Management Purchase Requirement, a "buy-in" fee in an amount equal to the applicable CAT and/or NAP fee for those crops that currently do not have

either a crop insurance policy or NAP coverage must be paid by the close of business on **September 16, 2008**.

Required Forms

The following forms must be completed at your local FSA office for those wanting to "buy-in" to the disaster programs:

- CCC-752 (2008 supplemental Agricultural Disaster Assistance Buy-in for Insurable Crops)
- CCC-753 (2008 supplemental Agricultural Disaster Assistance Buy-in for Non-insurable Crops)

Buy-in Purchase Requirements

SURE, TAP, or ELAP: A "buy-in" fee must be paid for all crops on the farm that do not have at least CAT level crop insurance or NAP.

LFP: A "buy-in" fee must be paid for the grazing land incurring losses for which assistance is being requested.

LIP is exempt from the "buy-in" fee requirement.

Buy-in Fees

The "buy-in" fee for both CAT and NAP are:

- \$100 per crop per FSA administrative county
- \$300 per producer per FSA administrative county (including previous fees paid for coverage)
- \$900 maximum for producers with multiple counties (including previous fees paid for coverage)
- "Buy-in" is required for all non-insurable and insurable crops that are not already covered by NAP or crop insurance.
- Those applying for LFP benefits are only required to

pay a "buy-in" fee for grazing lands incurring losses for which benefits are being requested.

The 2008 "buy-in" fee is non-refundable and due at the time the CCC-752 and/or CCC-753 is filed but no later than **September 16, 2008**.

Selecting and Listing Buy-In Crops

All crops must be listed individually on CCC-752 or CCC-753 if a producer pays a CAT or NAP buy-in fee of \$300 or less per FSA administrative county and only requests 3 or less crops be included under the "buy-in" option. If the maximum "buy-in" fee of \$300 per administrative county per form is paid, all crops for which a producer has an interest within that county will be considered included under the "buy-in" option. Even though the \$300 allows all crops to be included, all crops must still be listed individually on CCC-752 and/or CCC-753.

Example 1:

- Producer B is a producer in County A and has already purchased CAT coverage for 1 crop for \$100, but would like to add 3 additional crops under the "buy-in" option (for insurable crops). He would, therefore, have to pay an additional \$200 in "buy-in" fees and list the 3 additional crops on CCC-752 to meet the Risk Management Purchase Requirement in this county (\$300 - \$100 (previously paid) = \$200).

Example 2:

Producer C is a producer in County B and has already paid \$200 for NAP coverage for 2 crops. He would now like to add 2 additional crops under the "buy-in" option (for non-insurable crops.) He would now have to pay and additional \$100 in "buy-in" fees and list the 2 additional crops on CCC-753 to meet the Risk Management Purchase Requirement in this county (\$300 - \$200 (previously paid)=\$100).

Example 3:

Producer D is a producer in County C and has already paid for CAT coverage on 2 crops and had no coverage previously requested under NAP. Producer D would now like to add 1 additional insurable crop and include 2 NAP crops under the "buy-in" option. He would then owe and additional \$100 in "buy-in" fees and must include that insurable crop on CCC-752. (\$300 - \$200 (previously paid CAT) = \$100). He would also owe an additional \$200 in "buy-in" fees and list the 2 NAP crops on his CCC-753 to meet the Risk Management Purchase Requirement in this county of a grand total of \$300. (\$100 (CAT) + \$200 (NAP) = \$300).

Example 4:

Producer E is a producer in County D who selected buy-up insurance coverage for 2 crops timely, but would now like to add 2 crops to his CCC-752. **Note: Even though this producer paid premiums for buy-up insurance coverage and not CAT fees, the 2 crops he**

purchased buy-up insurance coverage for will be considered as already having paid the equivalent of \$200 (\$100 per crop) in CAT fees.

As a result, Producer E owes \$100 in buy-in fees and must list the 2 insurable crops on CCC-752 to meet the Risk Management Purchase Requirement in this county. [\$300 - \$200 (considered paid due to the buy-up premium paid on 2 crops) = \$100].

Waiver of Buy-in Fee for Socially Disadvantaged, Limited Resource, or Beginning Farmers or Ranchers

Those meeting the requirement of socially disadvantaged, limited resource, or beginning farmers or ranchers do not have to meet the Risk Management Purchase Requirement and are not required to pay the "buy-in" fee.

Definitions:

A **socially disadvantaged farmer or rancher** is a farmer or rancher who is a member of a socially disadvantaged group. For entity applicants, all members of the entity must be socially disadvantaged.

A **socially disadvantaged group** is a group whose members have been subject to racial or ethnic prejudice because of their identity as members of a group without regard to their individual qualities. A **limited resource** producer is a producer with both of the following:

- Direct or indirect gross farm sales not more than \$100,000 in both of the previous 2 years, to be increased starting

in FY 2004 to adjust for inflation using Price Paid by Farmer Index as compared by NASS;

- Total household income at or below the national poverty level for a family of 4, or less than 50 percent of county median household income in both of the previous 2 years, to be determined annually using Commerce Department data. A limited resource farmer or rancher status can be determined by logging on to the USDA Limited Resource Farmer and Rancher Online Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>.

A **beginning farmer or rancher** is defined as an individual or entity for which both of the following are true:

- Has not operated a farm or ranch for more than 10 years
- Substantially participants in the operation; if the applicant is an entity, all members must be eligible beginning farmers or ranchers.

For Additional Information

Additional information may be obtained at local FSA offices or through the Montana FSA Web site at www.fsa.usda.gov/mt/

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